

BOARD OF MAYOR AND ALDERMEN

February 7, 2006

7:30 PM

Mayor Guinta called the meeting to order.

The Clerk called the roll. There were thirteen Aldermen present.

Present: Aldermen Roy, Gatsas, Long, Duval, Osborne, Pinard, O'Neil,
Lopez, Shea, DeVries, Garrity, Smith, and Forest

Absent: Alderman Thibault

Mayor Guinta stated before we continue I would like to welcome two troops, Troop 9 and Troop 393 who are up in the gallery and working on their citizen and community merit badges.

Alderman Lopez asked are we going to have the auditor first or are we going to go through the agenda first.

Mayor Guinta asked are they later in the agenda.

Deputy Clerk Johnson answered they were added to the agenda. It was an addendum item that was sent out. The auditor is here to present the CAFR to the Board.

Mayor Guinta stated okay then we will have that presentation now and then take up the Consent Agenda.

Mayor Guinta called Scott Bassett forward.

Scott Bassett, McGladrey & Pullen, stated my firm conducted the fiscal year end June 30, 2005 audit for the City of Manchester, NH. We had some responsibilities and I will go through some of my housekeeping responsibilities as far as our responsibilities to the performance of this audit and then discuss the financial results of the City as they are described in the CAFR. We are responsible to audit the statements under generally accepted auditing standards, which we were able to do. In addition, under government auditing standards we have also performed tests of internal controls of financial reporting that we considered significant in planning our audit. We did not give an opinion on the internal controls but we did take a look at those as far as in order to help us plan our audit and we did have a few comments associated with that review of internal controls. There are several auditing pronouncements that will be adopted by the City in the next two or three years. The most significant having to be GASB-43 and 45, which has to do with the measurement of other post-employment benefits and those will be something we will talk about in the next year or two. The only unusual transaction throughout the City during the course of our audit

was in 2002 the City accounted for the civic center transaction as a non-exchange transaction and accordingly the City capitalized the civic center as an asset for approximately \$65 million with no related debt. We have modified our payment for the past three years to state that we cannot satisfy ourselves with the accruing value of the net assets as a result of this transaction. Basically back in 2002 when the transaction took place the asset came on the books and we thought that some debt should also accompany that and that is appropriately documented in the CAFR. Embodied in the financial statements are significant estimates – IB&R accruals, actuarial functions, claims and judgements. The Committee or this Board may want to monitor those during the course of the audit. There were no significant audit adjustments given to us. Basically the trial balance that was given to us by the City and the Finance staff were accurate and complete. We had no disagreements with management during the course of our audit and we encountered no difficulties during the course of our audit. We did not perform any management advisory service for the fiscal year ending June 30, 2005. Before going into the financial results, sometimes I forget to do this but the Finance Department said that all of the departments whether it be the Airport, here in City Hall, Water, EPD were all open to us. Everything we asked for we received and we were able to perform our audit that way. That is our responsibility. Now I will take you to the CAFR and walk you through certain pages and highlight certain things that I thought were important during the course of the audit. You have the large booklet with the beige cover or gray cover and I am going to turn you to page 17. Page 17 of this 130-page document is the only thing that I own in this booklet. This is our opinion on the financial statement. As I stated we have given unqualified opinion on all of the funds and all of the transactions in all of the departments with one exception and that has to do with the government wide statements on how we record the civic center and any related debt. So basically there is a clean opinion on all of your governmental funds and your business type entities. If you turn to Page 19, Page 19-32 I think are the most important pages in this document. In a narrative format the City management has provided you the financial highlights during the course of the year. I am going to go through the first four bullets on Page 19 and we can talk a little bit about those. There are supplemental schedules in the back but here in these first four paragraphs it really states the activities and the financial results for the City. Bullet #1 we talk about the government wide basis of accounting. The government wide basis of accounting is the full accrual basis of accounting. It is something you see once a year as far as financial statement presentation goes. It is really to measure our assets and liabilities, our capital assets and all of our debt on one balance sheet. On that basis of accounting the City had \$433,000,000 in excess of net assets. Total net assets of the government activities was \$93.5 million and the total net assets of the business type activities were \$339.6 million. With that \$433 million under the full accrual basis of accounting would mean you take your assets, hand off all of your liabilities and in theory you would have \$433 million surplus. Well that is one measurement. It is not the measurement of how you adopt your budget or how you present your budget so we will get into those numbers next. The third bullet we talk about the governmental fund. Governmental funds really are the basis of accounting that you are all used to that you go through and we look at your operating results. On the

governmental funds under current funding that is released ending fund balance was \$67.6 million or a decrease of \$86.9 million from the prior fiscal year. That is a big number when you take a look at that \$86.9 million but what that has to really do with is the timing of bond proceeds and the spending on capital expenditures. Prior to the year ended June 30, 2004 we had a large bond issue and that was counted as revenue at the end of June 30, 2004 under that basis of accounting, which is standard. Well those monies came in and we spent those on capital assets during the fiscal year 2005 as planned and as warranted through those bond proceeds so that number stands out but if you look at the timing of how that happens and how this accounting takes place it really isn't that unusual. Again, it is just something that happened close to the end of the year. Of the total fund balance, \$5.9 million is available for the City's discretion for all of the governmental funds combined. Bullet #4 talks about the general fund. The general fund had a fund balance of \$24.1 million or a decrease of \$1 million from the prior fiscal year. It states here that we had anticipated using \$2 million of unreserved undesignated fund balance but at the end of the year, as of June 30, 2005, \$1.1 million in the total general fund fund balance is unreserved fund balance, which represents .9%. If you turn to Page 26 we talk about your significant business type activities, talk about Water Works, EPD and Aviation. The Water Works net assets increased by \$3.1 million, EPD increased by \$.9 million and Aviation it's net assets increased by \$12.6 million during the year. We spoke a little bit about the governmental funds in that activity and the last paragraph on page 26 talks about the components of the General Fund fund balance and if you read through there the undesignated unreserved portion of the fund balance that there are no restricted or tentative plans for \$1.1 million while the current fund balance is \$24 million. So, we have \$23 million which we have either reserved for or have tentative plans for and as I said the unreserved fund balance represents 15.85% of the General Fund total expenditures...our total fund balance was 21% of the same amount. Turn to page 27 the General Fund budgetary highlights for the year...fifth paragraph down the city ended the fiscal year with a decrease in General Fund balance as compared to 2004. We also did increase the Rainy Day Revenue Stabilization Fund to \$10 million and offset by a decrease to the Unreserved Fund balance of a couple of hundred thousand for the year. The reserve for Worker's Compensation helped, General Liability had an aggregate decrease of 1.5 or 26% going from \$6 million to \$4.4 for the year. Overall from a standpoint pretty consistent, small losses and compared to what your budgetary expenses were overall you see that the revenues came in and the expenditures went up pretty much as planned for the year and there were really no large swings as compared to the regular budget, to the adopted budget. On page 31 we talked about that \$86 million and the type of expenditures those bond proceeds were expended for and as you can see we had the School Facilities Improvements, continued rehab of playgrounds and athletic fields, infrastructure improvements, Aviation capital improvements, Water Works improvements, and Recreation capital improvements. So, a whole lot of activity in the Capital Outlay for the year. Page 32 has to deal with budget trends and are pretty consistent from 2004, 2005 and 2006. Those are the financial highlights...I did speak earlier last week in more detail about the financial results and I'd be more than happy to do that here today but I would like to go into our comments right now

and then maybe I could open it up for questions as we look at the two together. We had four management comments...basically what management comments are they are observations. We as auditors if you find a deficiency in controls we have to take a look at that and we measure it in three different standards. One would be a material weakness, the middle would be a reportable condition and the lowest would be a management letter comment...severe. In our four comments today we consider the management letter because of the materiality associated with them. Number one, as I talked about it last week it has to do with consistent computer systems throughout the departments. Right now there's a multitude of, variations of how we account for monies off the HTE System. What we'd like to see as auditors, it's practical and there's a cost benefit to it to see if departments could get on the HTE system, if they can't do that maybe a more consistent formula of how they report to Finance and the types of systems that they're using and illegal from off the shelf, something they're using in excel and there's just a lot of different things out there that the smaller departments are using so this really kind of relates to we've got to consisting what's being used and maybe take a look at and see if the HTE System could be utilized by some of the other departments. The second observation again a repeat from the prior year has to do with the segregation of duties in purchasing. In many instances the same person was responsible for requisitioning the goods, approving the purchase, receiving the goods, ensuring adequate funds exist in the budget and posting to the general ledger. Internal controls always requires separation of those duties and that's maybe that's just someone jumping in and doing a check, a sign off...a lot of deficiencies at large companies in the corporate world are seeing is systematic and we are doing that but you're missing the sign off and as ordered we have to see that sign off. So, if there's documentation that that's being done and that that's documented this observation could go away next year so it probably is happening but as auditors we have to take a look at that and we have to see that there's proof of that and just a simple sign off would do that. Grant monitoring...there are many different types of grants out there and reporting requirements that go with those and they're all under OMB 133 and the federal government is getting stricter about how you monitor and grants how you stay in compliance with those grants. We didn't have any compliance issues but we did have to go to the various departments...there wasn't anything central, so one of the things that we recommend is if we could have someone...I don't want to say oversight but control...what types of grants are coming so we can prepare these schedules. The last observation just has to do with approving documentation over records kept for part-time employees. Just like a full-time employee proper pay rate authorization should be in their personnel files...when we go back to audit we have something to take a look at. Again, nothing severe but there could be improvements on those but all four of these you have to take a look at the cost benefit and what it would cost the city to improve those controls. That was my summary and I'm sure you have questions and I'd be happy to entertain any questions that the Board may have.

Alderman Garrity stated in talking about the oversight of grants we have a grant writer that is employed by the city would that be a good place to start.

Mr. Bassett replied that would be and I'm not telling you about say the Aviation Department...while those FAA grants are very specific and we take a look at that one every year because it is so large...I would pull that one in because that is so specific but some of the smaller ones...just to have a record...what type of grants are coming in and maybe there's grants out there that a centralized grant writer would say hey here's a new grant we could use in a different department so that would be a nice place to start the inventory of the grants that are maintained.

Alderman Gatsas stated on page 19 you may a statement that the total fund \$5.9 million is available for spending at the government's discretion...does that mean there's \$5.9 million available to spend on something.

Mr. Bassett replied collectively in the aggregate your governmental type funds, your special revenue funds, general fund and your expendable trust funds...that \$5.9 million is a portion of fund balances of those governmental funds that they have no tentative plans for or restrictions on.

Alderman Gatsas asked have you looked at the ordinances that are placed on those funds...what the ordinances are for the funds that are available for \$5.9 and what this Board has to do to get to those funds?

Mr. Bassett replied I don't know those ordinances off the top of my head but under a GAAP basis we considered them unreserved meaning that you and if there's restriction that this Board can take off and put on that would still meet the criteria...there's not a third party restriction on those, those would still be classified as unreserved.

Alderman Gatsas stated I look at the reserves for Worker's Comp, Health Insurance and General Liability on page 27 and that had a decrease of \$1.5 million can you give me an analysis of why that decrease appeared, it should be growing, why is it decreasing...we're supposed to be close to \$9 million if I remember the last time you were here saying that an actuary would tell you that our reserves should be somewhere in the vicinity of \$9 million.

Mr. Bassett stated from what we had tentatively planned to use we had to go into those designations to offset the expenditures in the current year so that's why the expenditures exceeded the budget and revenues for the current year.

Alderman Gatsas stated let's talk about where we're suppose to be on an actuarial basis. Were those funds...the \$1.5 million in your audit...were those dollars that were taken to take care of reserve for health care or Worker's Comp or General Liability or were they just taken to be placed into the General Fund?

Mr. Bassett stated I guess they're designated...so a designation is only tentative plans. As far as a formal restriction, as far as an actuary saying you have to restrict these funds for a specific amount that's not the definition of a designation. So, these are amounts that you as a Board have made tentative plans for. So, I don't know if it relates to an actuary type ratio of what your full accrual was because we do measure the full accrual in the government wide full statements so I don't have the specifics of why you went in there but we did go through the calculation and we calculate to make sure what your tentative plans were and were met and properly designated.

Alderman Gatsas asked how long have you been doing the audit for the city?

Mr. Bassett replied five years.

Alderman Gatsas asked how many times have you made the same observations?

Mr. Bassett replied for the first two probably for the five years.

Alderman Gatsas asked what would be the normal course for an auditor to take if observations that were being made weren't fulfilled or changed?

Mr. Bassett replied there's two things. On the federal guidelines we can repeat it three times and if management chooses not to act on it we wouldn't have to repeat it but as auditors being conservative even though they are what I consider general obligations if they're not followed up with the proper response from management it could be that the cost benefit isn't there and we as auditors would like to remind you that there is some risk associated with these observations. But, if you're asking me would I take these off next year if I was back I probably would not.

Alderman Gatsas asked have you had a response from management?

Mr. Bassett replied all departments take a look and respond back to Finance and we take a look at those but they feel that they're warranted in keeping the process that they have in place in the smaller departments. These are not your major departments where I have these concerns it's the smaller departments throughout the city.

Alderman Gatsas stated I guess my question is has management responded to you because those observations have been before you for five years?

Mr. Bassett replied every year we get responses and we have to go back and do follow-up on from each different department and some of those departments have said they are not doing anything about it.

Mayor Guinta stated before I go to Alderman Lopez asked has there been any recommendation from Finance or staff to the Board relative to those two observations in the past that you're aware of?

Mr. Sherman replied yes there has been and we agree certainly with the first one...the cash receipts. We need to get as many systems as we can integrated into the financial system, it's something that's been there for years and we would certainly support any effort to move that way. On the second one I think what Scott is saying is in a number of the smaller departments there just isn't adequate staff to get a segregation of duties and you have to develop a system that will provide those protections to the best that you can. We do try to get the department heads to sign off on their bills and those types of things but when you've got a small staff you just can't get that segregation that certainly the auditor would like to see or that we would like to see and we would support it. But, again, as Scott said sometimes it's just not practical to meet that requirement.

Alderman Gatsas asked Randy can you talk about the \$1.5 million that we took from the reserve account?

Mr. Sherman replied the way that the Insurance Reserve Accounts work is for the most part and not in it's entirety the city is self-insured on all three of those areas. What we budget every year is what we anticipate that we're going to spend. We also...based on the actuarial reports do try to budget some dollars that we think will be excess and be set aside in these reserves to cover the actuarial amounts. During the year if we have surplus funds in any of the those specific line items we add those to the reserves, if we have overspent those particular line items in any one year that is when we go in and tap those reserves. So in some years...I believe even in '04 almost every one of the reserves was at maximum. In '05 it was a much tougher year we overspent, I believe, in all three of the accounts and ultimately ended up tapping into those reserves.

Alderman Gatsas stated that you, your Honor. Ms. Lamberton can you tell me...were those funds depleted for any other reason other than what those funds were set up for? Did they go into the General Fund to balance the budget or were they used for the serves for medical, liability or Worker's Comp.?

Ms. Virginia Lamberton, Human Resources Director, replied actually once we do the projections and the budget is set HR really hasn't got any control over what happens to those funds.

Alderman Gatsas stated so your answer is you don't know if the \$1.5 million went to pay claims or if we just moved it during the budget process into the budget.

Ms. Lamberton stated I do know that for FY05 we had an extraordinary amount of high claims, not enough to kick in the stop loss that we had...last I knew we were in the red about \$750,000 in claims.

Alderman Gatsas stated that's another \$750,000 over and above the \$1.5 million...the \$1.5 is the total that I'm seeing here. Randy, do you remember did we use money from the General Fund to balance the budget at that time?

Mr. Sherman replied no these are all the result of overspending during the budget process. I can provide a reconciliation to show you how we went from the '04 balances to the '05 and provide that to the Board, that's not a problem.

Mayor Guinta asked can we have that for the next meeting or can we have that before?

Mr. Sherman replied we can probably get it out by the end of the week it's not that difficult.

Mayor Guinta stated if you can get it out to the full Board by week's end that would be great.

Alderman Lopez stated I still want to follow up on the first observation and then a couple of others and a couple of questions. The system that we have with the departments in going in and reporting...I looked at the revenue that we received on pages 88-89 the budget (revised/actual)...they look pretty good financially and I think you made a statement that our revenues are good and I just wondered if it's really necessary to add, for example, if they give 20 parking tickets out there and they collect 18 of them...we have an auditor that's been to these departments, have reviewed and have come back many a times...Kevin Buckley's getting back with reports...we have the Accounts Committee that reviews all of these and if they see somewhere where the revenues are down they send it to the auditor who reviews the process to make sure that things are going right and all the reports that come back are very minor...the accountability was always there for the department. So, I guess my question to you if all this can be proven and our auditor report is outstanding I think...would you agree with that?

Mr. Bassett stated you have a sound internal control system.

Alderman Lopez stated so we do have sound policies and cross check references and balances that we do throughout the whole city.

Mr. Bassett stated my feeling to that is that we have a Finance Department that's responsible for putting these financial statements together...those are the folks that write these statements and they get the control amounts. It really gets to the fact that the whole billing process...I agree with that...but who reviews the subsidiary accounts other than the department themselves...where are the controls over the review of the subsidiary accounts

are there to make sure that maybe it's the same business that owes every department the money...are they talking about that...is any one individual getting an opportunity to look at the outstanding receivables to see if there's one person that owes the city a bunch of money from different departments...I'm not saying there is but where is the business oversight of these types of receivables out there. Only the department heads are seeing that and they're not linked together at one control board which oversight would be the Finance Department, in my opinion.

Alderman Lopez stated that's your opinion but I don't want to walk away and say that we don't have oversight which the department head does have oversight and it's been proven many times.

Mr. Bassett stated if we didn't find that, if we didn't agree with that statement...reportable conditions are material weaknesses. So, we're not...again, this is just something that we see an opportunity to improve your internal control structure and as I mentioned we can debate it but it really comes down to stronger control...an excellent control compared to a good control is how I would say it. We could make it better but am I saying that there are material deficiencies in that control structure now I am not saying that. But, this is an opportunity where you could strengthen it.

Alderman Lopez stated it's a management decision.

Mr. Bassett stated if it was something so deficient and I was reporting it as a reportable condition on material weaknesses then that's something we'd put a higher alert to and maybe really take a look at saying jeez there's really some significantly wrong under there and we should fix it soon.

Alderman Lopez stated the other thing I wanted to talk a little bit about...the financial...you as an auditor...how do you envision a Finance Department...I know you want them to have...you've already said they should have this information but are they a service department to other departments or if other departments are having problems and they're not getting the information properly in order to do their job accountable for everything...how would you...the situation that we have in the City of Manchester having so many departments and accountability by the department heads and the people who are there...how do you visualize a finance office accomplish what you're saying.

Mr. Bassett replied I think the finance departments in most cities could supplement the other departments in what they're doing...whether it be the fire department or police department...anybody out there that would need expertise for a certain situation they should be able to turn to finance departments and look for that and look for suggestions and look for improvements and that's how I would look at the Finance Department. Now, they do more than that as to when you get into bond issues and projects and everything like that they have

a bigger role than that but they are your experts in financial accounting and I think any department should be able to look to them for advice to get better if they needed improvements and controls or an accounting question or anything like that. I would think that you would turn to the Finance Department.

Alderman Lopez stated in reference to observation number two if in departments one is responsible for requisition, one to receive it and one to pay it...as long as it's three separate individuals and they can prove that you wouldn't have a problem with that.

Mr. Bassett stated if there's two individuals. One saw and one could approve that it came in then again as far as proof from an auditor's standpoint you have two people singing off on something.

Alderman Lopez stated on your last number four observation in reference to part-time employees...we've been struggling with that for the last three or four years. Is that a definition...what is a part-time employee?

Mr. Bassett replied a part-time employee would be someone that may be temporary, someone that comes in for special events whether it be election employees or it could be recreation employees during the summer...seasonable/seasonal...those that come in during the season for seasonal work for a specific amount of time that is in your budget but as they come in there should be a start and stop date, a pay rate authorization, something approving that that we have an appropriation to spend those funds.

Alderman Lopez stated the last question I have for you is in reference to page 103...the last time you were here on February 15, 2005 you had indicated something about the Aggregation Fund...that we should do something it's been nine years in existence and I wanted to give you the opportunity to comment again. Could we balance this off from the Revenue Stabilization Account and your statement along that line was yes it could, it would be a gap...would just audit that transition and doing it that would be an acceptable general accounting principle. Do you still agree with that?

Mr. Bassett replied I think if you had a transfer of funds from one fund to make the Aggregation Fund whole...you can have a transfer if it's budgeted and appropriated in through another fund. I agree with that. The bigger question...I believe the Aggregation Fund is its ability to be self-sustaining. If that's what that \$1.7 million is it has to do with start up costs, you're not going to recover that...at some point something has to be done about it. But, once you give that infusion of cash to make you whole the bigger question is are we going to have to look at that and do the same thing five years from now. If the structure of the funds so that it's going to be self-sustaining and its revenues are going to at least equal its expenses. You can transfer through an appropriation to any fund from the

General Fund as long as it meets the ordinances and the criteria set forth within the City Charter. So, I do agree with that and a transfer is an acceptable debt.

Alderman Lopez stated the last question, your Honor, thank you. As managers we are going to have to take a good look at this Aggregation Program...it's costing us money...nine years...how long do you think we have to wait?

Mr. Bassett replied I think...I spoke about this one at length last year...we had a minor improvement in this fund this year. I guess from an auditor's standpoint a decision has to be made but what I've done is I've taken that \$1.7 million...we talked about fund balance and it being able to be used at the government's discretion...that \$1.7 million isn't included in there because right now at this point this Aggregation Fund does not have the ability to repay so we don't have those current resources to pay our current expenses. So, again it's a management decision...is it going to be self-sustaining and what are you going to do with the \$1.6 million it owes the General Fund...at some point a decision has to be made as far as is it going to be paid back or not.

Alderman DeVries stated I'll ask a question that I asked of you at committee and I don't expect you to know the answer tonight but maybe if staff can get me this answer...in reference to page 84 when we're referencing the fund deficit there was a very minor fund deficit for CDBG and I was looking for an explanation for that particular deficit...that was brought up at Accounts earlier about a week ago and I believe Finance indicated they might get me that answer which I am still waiting for.

Mr. Bassett stated I think the answer at that time was the result of timing.

Alderman DeVries stated we thought it might have to do with the fiscal year being different with the federal budget.

Mr. Sherman stated now the issues on the CDBG Fund is those are all drawdown funds. Now, we can't do the drawdown until we have actually dispersed the funds. So, part of the payables under that fund are actually retainage. So, because we haven't actually paid out that retainage I can't bill the federal government for reimbursement so I've recorded an expense but I don't have that revenue coming back in yet and that's always...it's just a timing difference from one month to the next as far as when that's going to balance out.

Mayor Guinta stated so you pay it out and then bill the government and then you get a check.

Mr. Sherman stated right. And, again, if I've recorded a payable but actually haven't dispersed it because it's more of a...I'm holding those funds I can't get that reimbursement in.

Alderman DeVries stated so are you saying that when we go through the budget process and there's an expectation of this CDBG funding when we actually allocated to different projects then you're saying that it's not until there's a drawdown on that that you're recording the debit and then you're waiting for the revenue to follow.

Mr. Sherman stated that's right.

Alderman DeVries stated it's based on an anticipation fund sort of.

Mr. Sherman stated whenever we disperse the funds and it's actually done through the Planning Department they would put in a request and get the city those funds reimbursed. The issue here and that's a fairly quick turnaround. We release the checks on the 15th and it's really only like two or three days before we get the money back in. But, the issue here is that at year end if we're recorded expenses that we're actually still holding those checks for and we haven't dispersed them because it's a 10% retainage on a project or something like that we've got an expense but we can't record that revenue yet. So, at the end of the day it'll come out, it will zero itself out, your revenues and your expenses will equal. It's just the timing difference as of June.

Alderman Shea stated this concerns Bob MacKenzie since she hit upon it...on page 28 8% of our General Fund revenues are based on federal and state grants and my question and I guess it's probably in preparation for our budget but when will we know the impact of President Bush's \$2.7 trillion budget plan on city programs such as CDBG funds, health, education and state aid and how will these proposed cuts impact our budget, Bob, in terms of getting money from the state and so forth on these particular ones.

Mayor Guinta stated jokingly Alderman said you could ask that question.

Alderman Shea stated I don't have to be one of the 450 people that was invited to that particular discussion. Being a democrat I'm probably not allowed in.

Alderman Gatsas stated we'll get you in...the Minority Leader from the Senate along with another Senator will be there.

Mr. Robert MacKenzie, Director of Planning and Community Development, stated there has been some cuts in certain grants. There has been, for example, Community Development Block Grant program...this year there had been a 10% cut. The way that the federal programming works out is that the President is proposing in terms of an '07 fiscal year budget really won't come to us until our fiscal year '08. We don't know what the cuts could be we would expect, for example, again in HUD that there would be roughly a one-third reduction perhaps more under that proposal although in the past Congress and the Senate

have been very considerate of some of the local programs including the HUD programs...I mean to keep those.

Alderman Shea stated basically our '07 budget won't be affected.

Mr. MacKenzie stated our '07 budget will be down 10% in terms of the HUD programs. Other programs are probably relatively even although there's a few cuts in other programs as well.

Mayor Guinta asked are there any further questions. There were none. I think a motion would be in order then to send this to Accounts...there's obviously some observations that need to be addressed. What I'd like to do is to try and resolve the observations...if a city gets observations in multiple years I think we have a duty to put a plan in place to try to resolve those. I would hope we could try and do that in the Accounts Committee and see if we can get at least a plan in place before the budget process begins so if the Board's in agreement we could send it there.

Alderman Lopez stated it has been through Accounts and coming here tonight, we accept it and we'll take your observations under consideration.

Alderman Roy stated I do agree that having the same observations year-after-year just shows we're being inactive but instead of sending it back to a committee would directing the Finance Department to work with department heads and come up with a way to decrease the deficiencies.

Alderman DeVries stated I was waiting to see if the Chairman of Accounts might chime in but the Committee has decided that we will be looking at the observations item by item over the next meetings, so we did have the presentation and there was a motion made at Committee to continue addressing that.

Alderman Osborne moved to accept the Comprehensive Annual Financial Report. Alderman Pinard duly seconded the motion. There being none opposed, the motion carried.

CONSENT AGENDA

Mayor Guinta advised if you desire to remove any of the following items from the Consent Agenda, please so indicate. If none of the items are to be removed, one motion only will be taken at the conclusion of the presentation.

Informational – to be Received and Filed

- A.** December 2005 Health Department Report submitted by Fred Rusczek, Public Health Director.
- B.** Minutes of a meeting of the Mayor's Utility Coordinating Committee held on January 18, 2006.
- C.** Communication from the NH Department of Environmental Services advising of the City's compliance relative to the 2006 Financial Assurance concerning the Municipal Unlined Landfill Permit No. DES-SW-TP-97-009.
- D.** Communication from Comcast submitting the fourth quarter 2005 franchise fee payment in the amount of \$294,408.61.

HAVING READ THE CONSENT AGENDA, ON MOTION OF ALDERMAN O'NEIL,, DULY SECONDED BY ALDERMAN LOPEZ, IT WAS VOTED THAT THE CONSENT AGENDA BE APPROVED.

E. Resolution:

“Amending the FY2006 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Seventeen Thousand One Hundred Eighty Two Dollars and Six Cents (\$117,182.06) for FY2006 CIP 412006 2005 Buffer Zone Protection Program.”

Alderman DeVries stated I'm just looking for an explanation of the Buffer Zone Protection Program either Planning or Police...I'm assuming it might be a Police grant.

Mayor Guinta asked are you familiar with it?

Mr. MacKenzie replied yes I am familiar with it but the Police Chief is here and he could explain the details of this particular grant.

Police Chief Jaskolka stated essentially with the Buffer Zone Protection program is it's a Homeland Security grant. The Verizon Wireless Arena was one of ten sites in New Hampshire that was chosen to be given monies to set up a Buffer Zone Protection. Without getting into the details...we don't want to tell you what we're doing basically is it is to set up an area up around the Verizon as a protection for the Verizon itself and also for any responding units to an emergency there.

Alderman DeVries moved to refer the Resolution to the Committee on Finance. Alderman Forest duly seconded the motion. There being none opposed, the motion carried.

4. Communication from Mary Heath submitting her resignation, effective immediately, as a member of the Manchester City Library Board of Trustees.

Alderman O'Neil moved to accept with regrets the resignation of Mary Heath as a member of the Library Board of Trustees. Alderman Pinard duly seconded the motion. There being none opposed, the motion carried.

Mayor Guinta presented the following nominations:

Planning Board:

Reappointment of Peter D. Capano to serve as the Mayor's designee.

Office of Youth Services Advisory Board:

Peter C. Favreau, term to expire January 1, 2007;
Brother Paul D. Crawford, term to expire January 1, 2007; and
Rev. Christopher J. Emerson, term to expire January 1, 2007.

Highway Commission:

Robert Rivard to succeed Michael Lowry, term to expire January 15, 2007.

Senior Services Committee:

Lillian Duval to succeed Daniel Waszkowski, term to expire January 2009.

Manchester Development Corporation Board of Directors:

Jay Taylor to succeed himself, term to expire March 11, 2009; and
Michael McCluskey to succeed himself, term to expire March 11, 2009.

Millyard Design Review Committee:

Don Clark to succeed Paul Mansback, term to expire January 1, 2009; and
Alderman Patrick Long as Aldermanic Representative.

Personnel Appeals Board:

Siobhan Keefe Tautkus to succeed Virginia Chandler, term to expire March 2009.

Mayor Guinta stated pursuant to Rule 20 of the Board these nominations will layover to the next meeting of the Board.

6. Confirmation of the nominations to the Airport Authority as presented:

David M. Wihby to succeed John Mercier, term to expire March 1, 2009; and

Michael F. O'Shaughnessy to succeed Anthony Pecce as the organized labor representative member, term to expire March 1, 2009.

Alderman Roy moved to confirm the nominations to the Airport Authority as presented.

Alderman O'Neil duly seconded the motion. There being none opposed, the motion carried.

7. Communication from Mayor Guinta withdrawing his previous nomination of Robert Rivard to succeed Edward Beleski as a member of the Highway Commission, term to expire January 15, 2009 and re-nominating Edward Beleski for that same position.

Mayor Guinta asked does this item need a motion.

Deputy City Clerk Johnson replied it does not need a motion unless they are looking to suspend the rules and confirm the nominations.

Mayor Guinta asked would you prefer to suspend the rules.

Alderman Shea moved to suspend the rules and confirm the nomination of Edward Beleski as a member of the Highway Commission, term to expire January 15, 2009. Alderman Duval duly seconded the motion.

Alderman Gatsas asked can we suspend the rules for Mr. Rivard because he has on for a brief period and confirm him also.

Mayor Guinta stated that would have to be so amended. Would that be appropriate to amend the original.

Alderman Gatsas stated you already laid it off but it was part of the nominations the Mayor had just made.

Deputy City Clerk Johnson stated okay that is what I was just trying to find. So, they are asking to suspend the rules for both, your Honor, for confirmation.

Alderman Shea amended his original motion to now read as confirming the nominations of Edward Beleski and Robert Rivard as members of the Highway Commission, terms expiring January 15, 2009. Alderman Duval duly seconded the motion. There being none opposed, the motion carried.

On motion of Alderman Roy, duly seconded by Alderman Pinard, it was voted to recess the regular meeting to allow the Committee on Finance to meet.

Mayor Guinta called the meeting back to order.

OTHER BUSINESS

- 10.** A report of the Committee on Finance was presented recommending that Resolution:

“Amending the FY2006 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Seventeen Thousand One Hundred Eighty Two Dollars and Six Cents (\$117,182.60) for FY2006 CIP 412006 2005 Buffer Zone Protection Program.”

ought to pass and be enrolled.

Alderman Forest moved to accept, receive and adopt the report of the Committee on Finance. Alderman Smith duly seconded the motion. There being none opposed, the motion carried.

11. Mayor Guinta presented a State Legislative update.

Mayor Guinta stated a quick verbal update...three items I wanted to talk about. For those of you who don't know Craig Smith from my office is following legislation up in Concord...so far, I'm getting good reports from up in Concord. As many of you know we had lobbyists last year...that contract expired last year at the end of 2005 and no action has been taken. So at the moment we're having Craig follow legislation. The second item is the...

Alderman Shea interjected a point of order, your Honor. We still have the NH Municipal Association.

Mayor Guinta stated yes we do and I have met with Maura Carroll who's putting together some opportunities for members of this Board to participate in some of the on-going meetings throughout the year. We had our first meeting with the Delegation with the Senators and the members of the House and talked a little bit about legislation, had a good meeting...Representative Ben Baroody and I had the meeting here in this room. The next meeting that we're going to have is probably going to be just after crossover date...obviously, if there is anything that this Board would like to have the BMA take action on feel free to put it on the agenda...we're tracking things and we'll give periodic updates but it looks like the next meeting would be sometime right around crossover at the end of March and then finally I did testify on the biennial budget that was filed, it's in the House in Municipal and County Government...Randy Sherman also testified and we will await the response of the Municipal and County Government Committee to see...I think it's going to be exec'd next week or the week after, not sure yet but I certainly would hope that that would pass and it's enabling...it keeps one year budgets in tact in the State but also would enable a biennial budget if a city or town so desired.

Alderman Lopez stated I think you're trying to work with the Representatives is very good. I was at that meeting and the only comment I would make is if they would get a personal letter of invitation other than setting a meeting date from you because I think it's important for them to be here and hear what you had to say.

Mayor Guinta stated for informational purposes we did send out written invitations to the delegation and we'll continue to do that to make sure that everyone has an opportunity to participate.

Alderman DeVries stated in one of our tabled items on the Board agenda tonight number 13 is some LSR's that are going to be late filing in Concord and I had hoped that we would encourage the Executive Director of the Contributory Retirement System to come and finish

his explanation to us before we have to deal with that legislation in Concord. So, I'm hoping that this will reinforce the conversation we had Monday that that needs to happen at this Board before we're voting in Concord.

Mayor Guinta stated there is a Contributory Retirement System Board meeting on February 14th which I will be attending and I would expect to have a report and have Gerry (Fleury) here for the next BMA meeting the following week.

Alderman O'Neil stated two comments, your Honor. On that issue I think we tabled it because two members of the Retirement Board at the times Mayor Baines and the Finance Director Kevin Clougherty hadn't seen the legislation so you're saying that's being presented to you.

Mayor Guinta stated there's three pieces of legislation and the Retirement Board will take it up at that February 14th meeting but they have also been in contact with Craig Smith and I know they have met with Kevin Clougherty...no, there's three...there's one to kick off the mayor and then there's two others...was one pulled, okay. So, now we're down to two.

Alderman O'Neil stated the second comment is we tried this a number of years ago and it was luke warm successful and that was to get the departments to let us know if they were going up to testify on a bill...I don't know if your office is being notified of that but something that bothers me is...I happened to see somebody I served with in the Senate or a member of the delegation and they asked Manchester's position on something or was it ever brought up and I don't know anything about it so to me having served in the Legislature it's a nice courtesy if the department's could let us know if they're up there testifying on a bill.

Mayor Guinta stated one of the things and I would agree with that sentiment...one of the things that we've tried to work out with Craig in my office and he's been working with department heads is to let us know when that is happening. I think right now he's currently tracking 122 bills...112...we're down to 112 from yesterday I guess...we had some ITL's (inexpedient to legislate) apparently.

Alderman O'Neil stated just if there could be a mechanism that the departments let Craig know and then Craig can inform the Board or whatever is. I think it's helpful if we know what position the departments are taking in care we're asked. I'd appreciate that, thank you.

Mayor Guinta asked are there any further questions? There were none.

12. Resolution:

“Amending the FY2006 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Seventeen Thousand One Hundred Eighty Two Dollars and Six Cents (\$117,182.06) for FY2006 CIP 412006 2005 Buffer Zone Protection Program.”

On motion of Alderman Forest, duly seconded by Alderman Smith, it was voted that the Resolution be read by title only, and it was so done.

Alderman Duval moved that the Resolution pass and be enrolled. Alderman Roy duly seconded the motion. There being none opposed, the motion carried.

TABLED ITEMS

- 13.** Communication from Gerard Fleury, Executive Director of the Manchester Employee’s Contributory Retirement System, advising that the System is seeking sponsorship in the NH Senate for three pieces of legislation in the 2006 session.

This item remained tabled.

- 14.** Motion to remove all Parks programs from the Enterprise Fund to the General Fund.
(Tabled 01/31/2006)

On motion of Alderman Shea, duly seconded by Alderman Forest, it was voted that item 14 be removed from the table for discussion.

Alderman Shea stated at the last meeting I asked if the Finance Office as well as Parks could give us an indication as far as the implementation of removing the Enterprise Fund to the General Fund and I received correspondence from both the Finance Office which I’d like to pass out first and then the Parks and Recreation Department, your Honor, and then discuss them. In courtesy, your Honor, I’ll allow five minutes for people to review.

Mayor Guinta recessed the meeting for five minutes.

Mayor Guinta called the meeting back to order.

Alderman Shea stated I’ve got strict orders, your Honor, to take about five minutes so everybody wants to be out of here by nine o’clock so I’ll hold true to my particular thing. The first information I want to highlight here was given to me by Kevin Clougherty and some of the indications here are that the Board would be very much not in favor of putting this into the General Fund because it would add \$3 million to the General Fund according to what he’s saying and the highlights here everyone has had a chance to read it and he’s

indicating that it would be an accounting nightmare because basically if you dissolve the Enterprise it would result in all FY06 year end fund balances deficits and indebtedness, outstanding mutual bond obligations being transferred to the General Fund. Everyone can read it, it's been clearly explained that the overall deficit is such and such and the expectation...the size would probably be higher and therefore the Board would be at the very least have to upset that \$3 million with a property tax appropriation which means you add it to the General Fund...transferring now and I'm trying to go through this very quickly...this letter came per request from Ron Ludwig and on the second page he has indicated that to summarize I would not recommend moving the remaining facilities which are three: the skating rinks, the golf course and the skiing area. While additional work is needed the facilities are in better condition than they were ten years ago...the problem is the Enterprise cannot handle the financial aspect of taking all of the debts that go along with the improvements, however, with the removal of Gill Stadium attempts to generate revenues through sales and more advertising and a decrease in revenues would be able to reduce the spread between revenues and expenses. He has mentioned that as a result of the Enterprise being in existence it has allowed for the golf course to be improved, has kept rates acceptable for youth hockey, he's been able to provide skiing for the community and they have made substantial improvements to all these areas. The negative part of not having these things in the Enterprise would be a huge drain on the General Fund balance, the implication that has been involved with the physical impacts of debts as well as the fact that Gill Stadium has helped to remove expenses and can only lead to increased revenues on the others. So, basically your Honor, it's a no brainer. We should keep it for this particular area...in my opinion, it's a no brainer...others may differ of course...in the Enterprise in order for the taxpayers of Manchester not to be faced with a \$3 million tax increase which none of us wants to see...least of all, you your Honor. Thank you.

Mayor Guinta asked does Alderman Gatsas have a response?

Alderman Gatsas stated thank you, your Honor. It's amazing how quickly you can get people to respond to an issue when you through something out on the table. I suggested two-and-a-half weeks ago that Finance bring forward to this whole Board so that the new Aldermen could get an understanding with projects that were in play. They were told or I was told by them that they would have it here but I guess they must be working on things that are going to go into the Enterprise Fund and come out of the Enterprise Fund before they complete projects that I think are certainly vital to this city to understand where \$5 million projects are so when we talk about taxpayers dollars we should understand that at every turn that we make not just when it talks about Enterprise. So, I would think that this Board and I think my statement the other night was very clear. If we want to call it an Enterprise Fund then this Board should make an obligation to the Parks Department that we let them run it as a business and if the fees at the golf course are \$50 so that the taxpayers don't have to subsidize it and he needs to charge \$80 then he should be allowed to do that and when the youth hockey call about saying the ice time is too expensive we should stand behind them

and say those are the rates. So, now that I've got people's attention that we either call it an Enterprise Fund and let it run as a business because we're now selling parking garages because we didn't allow Traffic to charge going rates so they were always showing less in revenue but that wasn't something that we were worried about when we said that the taxpayers can subsidize it. So, as long as everybody's attention is with the taxpayer then that's a good thing because I got your attention and I guess I'm still waiting for a report and I'm going to ask Finance again when will you make that report available to this full Board so that we can see every project that's in the city and what dates are available that something's going to happen?

Mayor Guinta stated let me answer that before Randy does. I did mean to talk to you about that earlier before the meeting started...Kevin Clougherty did come up and speak with me about it today, he was trying to get the report done for tonight's meeting, he's had some issues business wise and personal that didn't allow him the time that he needed.

Alderman Gatsas stated I can understand that and I can appreciate that but when I have three documents that somebody had to take some time to complete because it's not a short recess situation that they were looking for I would think that everything else would be appropriate when you're talking about millions of dollars in projects that if we're talking about an Enterprise Fund they could have waited during the budget cycle because never was it my intent that we stop it in 2006, I would think that we would have looked at it for the 2007 budget, but we call it an Enterprise Fund and we tie that person's hands...this Board should remember when they talk about the taxpayer it should be with every breath that we protect the taxpayer.

Mayor Guinta stated so noted.

Alderman Lopez stated I don't believe there was a motion on the floor was there?

Mayor Guinta replied I don't believe so, no.

Alderman Shea moved to keep the Derryfield Country Club, McIntyre Ski area and ice arenas in the Enterprise Fund. Alderman Lopez duly seconded the motion.

Alderman O'Neil stated it seems to conveniently...we took one action and that was Gill Stadium and unless they were specifically (both departments) responding to Alderman Gatsas' comments from two weeks or so ago when we met about the entire Enterprise...the letters mix in with two different actions and I understand where this motion is going...to leave the two ice arenas, McIntyre Ski area and the Derryfield Country Club in the Enterprise, is that correct?

Alderman Lopez replied that is correct.

Alderman O'Neil stated I just wanted to make that comments that both of these letters seemed to mix two different issues together and it was just a little too confusing to me. Thank you.

Alderman Gatsas stated for clarification I never asked for either one of those letters.

Alderman O'Neil stated if I recall Alderman Gatsas started a discussion that many of us were involved with about the entire Enterprise.

Mayor Guinta stated that report is forthcoming. This, I think, were separate requests by Alderman Shea.

Alderman O'Neil stated it does kind of mix in with Alderman Gatsas' request as well.

Mayor Guinta stated to a small extent.

Alderman Gatsas stated I have no problem with a roll call vote that some people may think I'd be hesitant on but I can tell you that I'm going to make a motion right after that that we're going to talk about the motion being that we allow the Enterprise Fund to charge whatever rates they deem reasonable to keep the Enterprise Fund afloat and then we'll ask for a roll call vote on that, your Honor, also.

A roll call vote on the motion was conducted. Aldermen Shea, DeVries, Garrity, Smith, Forest, Roy, Gatsas, Long, Duval, Osborne, Pinard and O'Neil voted yea. Alderman Thibault was absent. The motion carried.

Mayor Guinta. stated I'm not going to veto that one.

Alderman Gatsas moved that the Enterprise Fund be allowed to charge whatever rates they deem as...by a commission and by the commissioners that would be warranted for running their operations as an Enterprise. Alderman Pinard duly seconded the motion.

Alderman Osborne asked to what extent Alderman Gatsas are they going to be charging...they're not going to come to the full Board at all.

Alderman Gatsas replied whatever they come forward with to say this is what they need to charge...I don't think this Board should be challenging them because we put it into an Enterprise Fund.

Alderman Osborne stated it still has to come before the full Board for approval though.

Alderman Gatsas stated if the reason would be that we are refusing it because we've gotten calls from constituents that the rates are too high then we should rethink our position about putting it into an Enterprise Fund and having taxpayers subsidize it.

Alderman Roy asked if the Parks and Recreation Director would come up, please. Ron, when you set these for all of the different venues we have whether it be ski tickets, ice time, usage of areas what goes into that?

Mr. Ron Ludwig, Director of Parks, Recreation and Cemetery Department, replied I think first of all you have to understand that we're not water, we're not electricity, we're a commodity the people don't have to do so in many cases it's what the market will bear in terms of skiing and playing golf. But, in general, this Board has set the tone in terms of what they'd like to see us charge for people to play golf...there's a mission statement that's attached to the golf course...it speaks to back in the 1930's when the golf course was built. It speaks to it should be a golf course that's kept affordable for the blue-collar worker to be able to play. A lot of ways to make more money at Derryfield you want to completely change the fee structure, for instance, to get away from a permit fee and goes to a green's fee...that's not conducive to somebody being able to play golf as frequently as they may like to in the city and be an affordable rate. So, these are very antiquated...no antiquated is not the right word but these are policies that basically the department is run by in terms of its facilities to keep things affordable and it goes back to junior hockey when we were charging...it's not many years ago we were charging \$30 an hour if you believe that for ice and we're up to \$160 for junior hockey right now and \$180 and we're still well below the market rate. I think that the Finance report and this Board need to come together in terms of where they want to be in charging and in making up other revenues with ancillary revenue items outside of hockey. We can do things as we did eight years ago...go out for marketing firms to take a look and see if we have a marketable product. We went through a whole process, developed and RFQ, brought firms in with an RFP, we talked to those firms, we picked their brains about what we had to offer and the bottom line at that time was we didn't have a lot to offer if we were going to have or be governed by a board that said keep this affordable or keep that at a rate that it was going to be so we kind of threw that plan under the bus and moved on. As a result of the Finance report we're back here again. So, I'd like to...as Alderman Gatsas is saying I don't think we need to charge people more than we do, we get free water at McIntyre...we should be able to keep rates affordable and I can tell you in the instance of McIntyre Ski area right now we're probably over priced for the season and we're going to lose a lot of money based on weather. There just isn't much we can do about weather. On the golf course, for instance, I don't think people realize that when it rains outside...11 inches last April...we lose a lot of money...it's not recoverable. We're not just closed the day it rains...at Derryfield we could be closed for a week just because the water stays in the lower holes and the course isn't playable. I don't know if this Board realizes what goes into what we do. I have tried as an Enterprise to close the gap over the years

between revenues and expenses. Given the direction of this Board, how we program the facilities, how we charge at the facilities it's an impossible balancing act.

Alderman Lopez stated I think the key word that Alderman Gatsas was the "commission"...am I correct, Alderman, you mentioned the "commission" to set the fees.

Alderman Gatsas stated I said they would have the ability to come back and talk about those but we should allow them to do that.

Alderman Lopez stated I think that's fair compromise because I think the Superintendent does work with the commission...we appoint five commissioners up there...I think to give them an opportunity to review McIntyre which I know they do as a former commissioner we always have, I think at the end of the day if there's a problem like we always did come back to the Board of Mayor and Aldermen because certain things come up as to the fact of senior citizens...how much you're going to charge them...I don't think we're going to overcharge...so I think they go through that process. I don't think there's a major dispute here other than to saying they have final authority...they do not have final authority, this Board has final authority.

Alderman Shea stated I just want to thank Ron Ludwig for responding to that and I want to thank the Finance Officer for responding to the concerns that were expressed at last week's meeting and I appreciate the fact that the information could be disseminated among my colleagues so that they would have that opportunity and I thank you for that.

Mayor Guinta stated I'd like a clarification on the motion. My question is this...is the motion saying that Ron in conjunction with the commission would put together a proposal that would come back to this Board for approval?

Alderman Gatsas replied I think what I'm trying to be clear about is when Traffic had control of parking garages this Board set inferior low rates and condemned Traffic for not bringing in revenue. My bet is that if we looked and I asked them for a 10-year schedule and that's probably something that if they were going to ask you the right questions they would have asked you...you show me in the last ten years what happens to rates at McIntyre and at JFK and the West Side arenas and also what you've done with golf rates.

Mayor Guinta interjected versus expenses.

Alderman Gatsas stated forget about what...what have you increased those rates by. So that we have an idea where those patterns have gone and how much the taxpayer's subsidized that because of where we're at because I look at it if we're going to call it an Enterprise Fund then it should be a revenue source not just a breakeven.

Mayor Guinta stated I believe that the report that came from Randy Sherman probably included that information.

Alderman Gatsas stated I'm looking at that report, your Honor, and I don't see it.

Mayor Guinta stated no the larger report. There were some bar graphs that I saw...

Mr. Sherman stated it included the revenues in total it didn't break out the individual fees except for the last couple of years.

Alderman Gatsas stated fi this Board will remember that when...I want to say when it was either the first or second year that I was on this Board that Ron came forward with an increase at Derryfield for the season passes and we got inundated with calls because somebody didn't want to pay an extra ten dollars and some people with these passes...my understanding play 60 or 70 times a year. So, I look here and say if it's truly an Enterprise Fund then fine let it be a true Enterprise Fund but if he says we've got to increase them by \$30 that's what it is not because ten aldermen got called and said we can't go up on rates because we just got a lot of phone calls.

Mayor Guinta stated I would agree that this Board needs to set a policy relative to the Enterprise Funds which is what a month ago when we talked about the discussion of this issue I thought there was a sort of public agreement that we would do that by reviewing both reports...the Parks and Recreation Master Plan and the report from the Finance Department and then this Board would have a policy discussion about what steps to take next. What I believe we need to do is a little of both, we need to have a marketing plan fit in place in conjunction with analysis of rate reviews and there are more ways to increase revenues than just by increasing rates...it could be entirely possible that rates don't have to be increased, that we can still allow the community to use these resources by marketing and increasing revenues in other areas. So, I agree with your motion in that I would hope it allows the Board to have some oversight and some voting authority over what the policy is...we're the elected officials, we have the responsibility I believe to set the policy...a recommendation can come from the department and the director but I think we ultimately have a responsibility to make the decision.

Alderman O'Neil stated two requests...Randy, would it be possible for you to give us a very detailed report on the five facilities that make up the Enterprise...we've taken a vote and Gill's out of it...would you be able to kind of give of summary of the four remaining...very, very detailed and I'm sure you can kind of bring it to a very simple form.

Mayor Guinta asked are you talking about verbally or in writing?

Alderman O'Neil replied no not tonight just at some point a week or two down the road.

Mr. Sherman stated right after we finish Alderman Gatsas' report that he's asked for.

Alderman O'Neil stated it would be helpful to me to have. Secondly, at some point, we group the facilities into one what we call the Parks Enterprise Fund...at some point later can you get back to us of what would be the difference if we broke them out into four different Enterprise Funds. Is there a pro or con doing that? We know the golf course absolutely pays for itself today, correct and Ron touched on something is very much weather driven...I think if the weather is on our side...what I've read so far...McIntyre could pay for itself and maybe through marketing that should pay for itself and the arenas seem to be the biggest challenge right now. So, I just throw that out and I don't know if it makes any sense at all. What are the pros and cons if we broke them out into four Enterprise Funds and I don't know if that makes any accounting.

Mr. Sherman stated we'll take a look at it.

Alderman O'Neil stated thank you.

Alderman Lopez stated clarification...the superintendent can provide that information tomorrow. They keep track of the golf course/ski areas and they know that 15 years ago it was \$225 to play golf from what it is today so they know the increases and percentages and everything. I wish the Director would provide that information to the Board of Mayor and Aldermen, he can do that tomorrow.

Mayor Guinta stated I know the information's been asked for so I think we'll probably have Randy and the Director provide additional information for the Board to review and it will probably go to committee and come out with recommendations.

Alderman DeVries stated I guess it concerns me that we might look to break the golf course into it's own free-standing Enterprise and I'm following up...you prompted a different question than I had earlier. I look at the golf course and I realize not every taxpayer in the city is playing golf on our golf course and that would be a concern and probably part of the concern that Alderman Gatsas might be alluding to when he's saying it's an Enterprise or it's taxpayer driven...let it support itself. I can see a public purpose if we keep co-mingled in the Enterprise other use for youth sport activities at McIntyre and at the ice arenas but the golf course is subsidizing those events within the Enterprise System thus taking some of the burden off taxpayer dollars and I think I can understand that if taxpayer dollars do need to suppress the youth sports to keep the price down at those events I'm not sure that that's such a horrible thing and I think we can take that on a case-by-case consideration as we did last year and I think in prior years while I've been sitting on the Board to supplement the Enterprise not because of the golf course but because the other events have not carried their weight within the Enterprise. But, I do think that the only way that you suppress the golf

course or you continue to look at the golf course is by allowing that to carry the other item...to put it freestanding on its own and then fully subsidize the remaining Enterprise, it just doesn't make sense to me and I'm not sure if that's where we were headed.

Alderman O'Neil stated all I asked was a comparison. I wasn't suggesting that, I was just asking for a comparison of it.

Mayor Guinta stated this is why we need to come up with...we all need to read the reports, we need to read the additional information that's going to be presented to us and I think this Board needs to make a policy decision otherwise we can go back and forth...if this happens in committee and any Alderman would like to participate in that I will encourage the Aldermen to do so, I certainly will.

Alderman Smith stated I believe that we should let the department heads run their departments with their commissions and I've always said that...we don't want to micro-manage everything, we know what went on downtown with the Traffic meters and so forth but getting back to the so-called report. I wish that somebody would have approached me because I have an answer for everything that has been in that report whether you like it or not and we picked it apart and I did the best I could so if anybody would like to ask me about certain things with Gill Stadium or the Enterprise...Parks and Recreation marketed and he told you they put it out and they've done an awful lot and there's no question about it. All they're doing is they are trying to take care of our youth and the people that utilize our facilities at affordable rates. Now, if you want to go sky high and just go this is recommended \$625 and I'm taking the figures out of there...\$625 and \$206...they're not mine, that was in the fact sheet. So, if you want to charge then there will be nobody playing at Gill Stadium or other facilities.

Alderman Duval stated the information that's been requested from either Parks and Recreation or Finance are we going to have available to us rate comparisons...I'd like to know as a freshman Alderman what the rates are say for greens fees at other public courses...others that exist in the market place including ice arenas and if we can if there's a reasonable comparison in the market place to McIntyre. Certainly, I think, the golf course would be...

Mayor Guinta stated I think that will be included...McIntyre I believe is the only municipally owned ski area in the country so I don't know if we'll get apples-to-apples comparison but we can certainly compare it to another ski area.

Mr. Ludwig stated I can tell you we do that yearly...that's no problem we can give you that. In terms of McIntyre the Mayor is right it's a unique animal and it's difficult for us to compare it to even Pat's Peak...it's not comparable...it's 107.9 vertical drop, it's 1,100 feet long and we've got some challenges there to try and make it attractive to kids. You've got to

remember the industry today is not necessarily skiing at McIntyre it's now snowboarding which is something that we told the kids they would never do at McIntyre and now they're 75% of our business. So there are some significant challenges there in terms of what McIntyre was built for in 1971 and how it's used today.

Mayor Guinta stated for general knowledge we can probably include some local mountains.

Alderman Duval stated I would just like to see the difference between what we charge for these municipal services at the ice arenas and the golf course versus the private clubs.

Alderman Shea stated Ron I don't play golf but I'm a taxpayer...my son and my granddaughter...she plays hockey and also she shoots golf. Now, as a taxpayer do I pay any money toward the golf course.

Mr. Ludwig replied not if you don't pay.

Alderman Shea stated that's right. So, it's not the taxpayers that are involved in paying for the golfing it's the people who play golf, is that correct? It if goes to a General Fund item then I as a taxpayer would pay taxes in order for people to play golf at the golf course, correct? Well, the answer is yes I know that beforehand because tax money would go in. So, basically the discussion here has to do with who's paying what for what and it's a simple matter. As long as we have the Enterprise System people using the Enterprise Systems will pay for the services that they're taking part in. If we put it in the General Fund then everybody in the city will have to contribute extra tax money in order to support these venues unless we decide to either close them down or whatever the case is charge exorbitant fees for these people to participate...that's the bottom line isn't it. There's no other way to reason this out and as long as we can keep these particular items in the Enterprise System and maybe work with your commissioners and you then hopefully we'll gain revenues in order for these things to be sustained at a profit and not incur a lot of expenses. Would that be a logical conclusion?

Mayor Guinta replied yes.

Alderman Osborne stated just a comment, your Honor. I talked to Ron maybe a week or two ago to some extent...quite a while in fact. Anyway, I told him I feel this way...I think the only thing that should be in an Enterprise Fund is the golf course...I think the rest of it really is the city. I'm going along the other way but I'm just saying the only thing there is really the golf course that makes money.

Mayor Guinta asked could you read the motion back?

Deputy City Clerk Johnson stated the original motion recorded is that the Board allow the Enterprises through the department heads and commissions to charge rates that warrant to operate as Enterprises.

Alderman Lopez stated just a clarification that does not take the authority from the Board of Mayor and Aldermen.

Mayor Guinta asked does that mean they would have sole authority to.

Deputy City Clerk Johnson stated I don't know if it's clear in the motion perhaps you would want to ask the maker to restate the motion in such a way that it's clear to everyone.

Alderman Gatsas stated I certainly would never want the commission or the commissioner to have to take that weight. I think it should be this Board that makes that decision because it's an Enterprise Fund so that's why I'm bringing this motion forward so that this Board understands very clearly that if we're going to make it an Enterprise Fund then it's up to us fourteen or fifteen to make that decision. So, we should be prepared to increase rates if he comes to us and says I need "X" amount of dollars for revenue from golf to subsidize this...that we shouldn't be here saying to him no because I got too many calls from constituents. So, I think the burden should be right here, your Honor.

Mayor Guinta stated I agree with that.

Alderman Lopez stated I would like to answer that if I could.

Mayor Guinta stated you can in a quick minute. Can we then amend the motion to allow a plan to come forward to this Board for review.

Alderman Gatsas replied absolutely.

Alderman Lopez stated thank you.

Mayor Guinta asked do we need to repeat the motion.

Deputy City Clerk Johnson stated if the maker and the second to the motion wants to include that amendment in the motion.

Alderman Pinard duly seconded the motion to amend as outlined.

A roll call vote on the motion was conducted. Aldermen Gatsas, Duval, Osborne, Pinard, O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Forest and Roy voted yea. Alderman Long voted nay. Alderman Thibault was absent. The motion carried.

Alderman Roy stated two very quick pieces of new business. Randy Sherman, what is our contingency balance as of today.

Mr. Sherman replied we still have \$548,000 in contingency.

Alderman Roy stated Frank Thomas has left for the evening, okay. The last thing I wanted to notify my fellow Aldermen and the Mayor's Office is aware of this...as of March 1 and the public please watching...as of March 1 the new recycling routes will take effect. Your recycling will be picked up on the same day as your garbage, so use the bins that are currently being used for recycling and put out your recycling the same day as you normally put out your garbage. It will be picked up by trucks with Pinard Waste lettering and delivered to our recycling transfer station and the commodities will be sold and those numbers will be applied to the Highway Department budget to hopefully decrease taxes.

Alderman Duval stated throughout a good portion of Ward 4 and I'm sure other Aldermen have been faced with this issue as well perhaps...absentee landlords and what I think is an abuse of services provided by the Highway Department. When you have tenants that vacate buildings that are owned by absentee landlords leave a whole ton of trash on a city curbing that could sit there for weeks. I've had discussions with Frank Thomas and the Highway Department and I just would like some system in place and perhaps the committee that this should be addressed to is Alderman Roy's but there's got to be some way for us to charge a market rate, not a city rate but a market rate for services for refuse pick up whereby we have to send a special truck out to pick up this stuff from the curbing because of irresponsible absentee landlords who, I think, are not paying their fair share for those services provided by our city. So, if we could refer that to Alderman Roy's committee for discussion that would be fine.

Alderman Roy stated I thank the Alderman for bringing that up...it is a problem. We are having a Solid Waste Committee meeting on the 13th, I believe at four or four-thirty and all Aldermen are welcomed to attend. We'll also be discussing the long and short-term plan that a special committee put together regarding solid waste and that was one of the very significant concerns and we are working on that issue and it will take an ordinance change a vote by this Board.

There being no further business to come before the Board, on motion of Alderman Smith, duly seconded by Alderman Garrity, it was voted to adjourn.

A True Record. Attest.

City Clerk